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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations peacekeeping forces in the Middle East: United Nations Interim Force in Lebanon

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Interim Force in Lebanon

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the financial performance report for the period from 1 July 2001 to 30 June 2002 (A/57/662) and the proposed budget for the period from 1 July 2003 to 30 June 2004 (A/57/663) for the United Nations Interim Force in Lebanon (UNIFIL). During its consideration of the reports, the Committee met with representatives of the Secretary-General and the Chief Administrative Officer of the Force, who provided additional information and clarifications.

2. UNIFIL was established by the Security Council in its resolution 425 (1978) of 19 March 1978 for operations in southern Lebanon. The mandate of the Force has been extended by the Security Council in various resolutions, the latest being resolution 1461 (2003) of 30 January 2003, by which the Council extended the mandate of UNIFIL until 31 July 2003.

3. In 2001, on the proposal of the Secretary-General, a reconfiguration of the Force was initiated (see S/2001/66). In his report dated 16 January 2002 (S/2002/55) a phased reconfiguration of the Force to close to 2,000 troops by the end of 2002 was proposed. The recommendations of the Secretary-General contained in that report were endorsed by the Security Council in its resolution 1391 (2002) of 28 January 2002.

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I. Financial performance report for the period from 1 July 2001 to 30 June 2002

4. By its resolution 56/214 A of 21 December 2001, the General Assembly appropriated an amount of $137,257,440 gross ($133,375,991 net) for the maintenance of UNIFIL for the period from 1 July 2001 to 30 June 2002, inclusive of the amounts of $642,540 gross ($594,091 net) for the support account for peacekeeping operations, in addition to the amount of $6,021,721 gross ($5,284,652 net) already appropriated for the support account and the amount of $629,045 gross ($564,879 net) already appropriated for the United Nations Logistics Base at Brindisi, Italy, in its resolution 55/180 B of 14 June 2001, and inclusive of the amount of $99,548,960 gross ($97,558,500 net) authorized in resolution 55/180 B.

5. As indicated in table II.A of the report (A/57/662), expenditures for the period totalled $130,911,000 gross ($126,679,200 net), resulting in an unencumbered balance of $5,703,900, or 4.2 per cent of the total appropriation of $136,614,900. The Committee was informed that the unencumbered balance was primarily a result of faster-than-planned downsizing.

6. The comments of the Committee on the information in the performance report on individual objects of expenditure can be found, where relevant, in the observations concerning the proposed budget for the period from 1 July 2003 to 30 June 2004 in the paragraphs below (see also the comments of the Committee on presentation in A/57/772).

II. Information on performance for the current period

7. The Advisory Committee was informed that, as at 31 January 2003, a total of $3,372,526,800 had been assessed on Member States in respect of UNIFIL since its inception. Payments received as at the same date amounted to $3,129,209,400, leaving an outstanding balance of $243,317,400. As at 24 February 2003, the cash position of the mission was $103,400,000, and unliquidated obligations for the period from 1 July 2001 to 30 June 2002 amounted to $8,843,326.

8. The Committee was informed that troop cost reimbursement from 1 December 1989 to 30 September 2002 totalled $1,064,835,400, while the amount owed for the period from 1 October to 28 February 2003 was $13,774,100. With regard to contingent-owned equipment, the Committee was informed that, for the period from 1 June 1994 to 28 February 2003, the amount reimbursed was $18,430,700, the estimated amount owed was $10,150,200 and unliquidated obligations totalled $35,927,700. Of the $10,150,200 owed, $448,400 was in accounts payable, and outstanding claims amounted to $9,039,100. In respect of death and disability compensation for the period from 1 June 1994 to 28 February 2003, $20,041,800 had been paid as at 28 February 2003 for 446 claims, 2 claims were pending, and unliquidated obligations amounted to $5,683,500.

9. The Committee was informed that against the authorized staffing establishment of 3,513 military contingent personnel, 145 international staff and 339 national staff, the positions encumbered as at 28 February 2003 were 2,023 military contingent personnel, 111 international staff and 299 national staff.

10. The Committee was provided with expenditure data for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003 (see annex below). Expenditure for the period amounted to $92,960,100 gross ($89,895,600 net) against an apportionment of $112,042,500 gross ($108,401,200 net).

III. Proposed budget for the period from 1 July 2003 to 30 June 2004

A. Mandate and planned results

11. The Committee notes that for this mission, as for the United Nations Disengagement Observer Force (UNDOF) and the United Nations Iraq-Kuwait Observation Mission (UNIKOM), there is no political component in either the performance report or the proposed budget. The Committee sought clarification of this issue. The comments of the Committee are in its general report on peacekeeping operations (A/57/772).

12. **The Committee emphasizes the importance of drafting the expected accomplishments, indicators of achievement and planned outputs under each of the components in such a way as to ensure that they are, in fact, relevant and realistic. The Committee has commented on this matter in its general report on peacekeeping operations (A/57/772).**

B. Resource requirements

13. As indicated in the report of the Secretary-General on the proposed budget of the United Nations Interim Force in Lebanon (A/57/663, sect. II.A.1), the cost of maintaining the mission for the period from 1 July 2003 to 30 June 2004 is estimated at $91,752,400 gross ($87,911,100 net). This amount represents an 18.1 per cent decrease ($20,290,100) in gross terms in relation to the apportionment for the period from 1 July 2002 to 30 June 2003, and reflects decreases of $9,942,000, or 21.7 per cent, in military personnel; $6,139,900, or 17.9 per cent, in civilian personnel; and $4,208,200, or 13.2 per cent, in operational costs.

1. Military personnel

14. The estimated requirements for military personnel for the period from 1 July 2003 to 30 June 2004 amount to $35,847,000, which represents a reduction of $9,942,000 in comparison with the apportionment for the current period from 1 July 2002 to 30 June 2003. As indicated in paragraph 8 of the proposed budget, the reduced requirements are the result of downsizing and the phased reconfiguration of the Force, which was initiated in 2001, to close to 2,000 troops by December 2002 (see para. 3 above).

2. Civilian personnel and related costs

15. The estimated requirements for civilian personnel for 2003/2004, which provide for 125 international staff and 305 national staff, amount to $28,149,000, a decrease of $6,139,900, or 17.9 per cent in comparison with the apportionment for 2002-2003. The Advisory Committee was informed that the estimates take into

account a 5 per cent vacancy factor for international staff and zero per cent for national staff.

16. The estimated requirements for international staff amount to $15,064,200, a decrease of $8,067,300 in relation to the apportionment of $23,131,500 for 2002/03. The Committee notes from paragraph 9 of the proposed budget for 2003/2004 that reduced requirements are mainly due to the one-time allocation of $7 million in 2002/03 for entitlements related to the relocation of international staff from Israel to Lebanon. In addition, as noted in paragraph 10 of the proposed budget, the downsizing and reconfiguration of the Force has entailed, in the current biennium, a reduction from the 145 international posts to 124 posts. The Committee notes the request in section II.B.2 and paragraph 11 of the proposed budget for one D-1 level post for 2003-2004 for the Deputy Force Commander. **The Committee recommends against this request for the reasons given in its general report on peacekeeping operations (see A/57/772).**

17. The Committee notes from section II.A.1 of the proposed budget that the cost estimates for national staff have increased from an expenditure in 2001/02 of $12.6 million to estimated requirements of $13.1 million for 2003/04. The Committee further notes that estimates for 2003/04 project an increase of $1.9 million, or 17 per cent, over the appropriation for 2002/03. This, according to paragraph 12 of the proposed budget, is largely due to the increase in the national salary scales effective 1 August 2002. As indicated in paragraph 8 of the performance report (A/57/662) and paragraph 13 of the proposed budget (A/57/663), the authorized level of national staff was reduced by 41 posts in 2001/2002, from 380 to 339, and further reduced in the current financial period to 305 posts. The proposal for 2003/2004 is to retain the level at 305 national posts. The Committee was informed that any further downsizing of the Force would also entail further reductions in national staff.

18. The Committee was informed that termination indemnities amounting to $554,200 were paid to 22 national staff who were phased out in 2001/2002 as part of the downsizing exercise. Upon enquiry concerning criteria for payment of indemnities, the Committee was informed that guidelines had been developed after consultation among staff, the mission, the Department of Peacekeeping Operations and the Office of Human Resources Management. The Committee was informed that compensation payments of one month's pay for every two years of service, plus an additional 50 per cent, were made to separating staff on fixed-term appointments. In addition, staff holding indefinite temporary appointments were paid one month's salary in lieu of notice.

19. It was explained that, owing to the length of the mission, some local staff had been working for the mission for 20 years or more, and there was naturally some expectation of gain at the end of employment. The Committee was informed that this was not the case in most peacekeeping operations, in which the contract makes it clear that there is no expectation of permanent employment. The Committee points out, however, that the same situation obtains at the United Nations Peacekeeping Force in Cyprus (UNFICYP). The experience gained at UNIFIL could provide valuable lessons for other missions with similar circumstances. The Committee has commented on this issue in its general report on peacekeeping operations (see A/57/772).

20. The Committee was also informed that 47 national staff were temporarily assigned to other missions. Upon request, the Committee was provided with details

concerning the skills of those staff. **The Committee does not object to this practice since it can, on a temporary basis, provide urgently needed skills on short notice, particularly in the start-up phase of new missions. However, it cautions that this does not obviate the need for missions to recruit such staff on their own to replace borrowed staff as quickly as possible. The Committee will revert to this matter in the context of its examination of the report of the Secretary-General on the future of field service officers (see also the Advisory Committee's general report on peacekeeping operations, A/57/772).**

3. Operational requirements

21. The Committee observes from the additional information provided to it that UNIFIL had a large amount of inventory pending write-off as at 30 June 2002 — a total of 6,114 items, or 23 per cent of inventory. In that connection, the Committee recalls paragraph 32 of the report of the Board of Auditors (A/57/5, vol. II), in which it is noted that UNIFIL had initiated a project to identify obsolete inventories that had been retained for many years.

22. The composition of the write-off includes 31 trailers, for which no replacement is requested, and 196 light vehicles, for which only 8 replacements are requested. A total of 282 vehicles were pending write-off as at 30 June 2002. As indicated in paragraph 16 of the proposed budget for 2003/04, 30 are proposed for replacement on the basis of standard replacement criteria of mileage and years in service. The Committee notes from the additional information provided to it that the cost of replacement amounts to $1.7 million.

23. Upon enquiry, the Committee was informed that the replacement policy for vehicles was five years or 120,000 kilometres. The large number of vehicles pending write-off was the result of the downsizing coupled with the fact that many of the vehicles could not be disposed of locally, as they had diesel-powered engines, and regulations in Lebanon do not permit the use of such engines for other than United Nations vehicles. Such vehicles therefore had to be cut for scrap and disposed of. The pending write-offs also included vehicles for which transfer to Brindisi, Italy, or other missions would not be cost-effective.

24. The Committee notes that a fleet of 850 vehicles was maintained in 2001/02 (see A/57/662, sect. I, component 2). The proposal for 2003/04 includes maintenance of a fleet of 680 vehicles (see A/57/663, sect. I, component 2).

25. Upon enquiry, the Committee was informed that the number of vehicle accidents in UNIFIL was relatively small owing to driver training given by the mission, as well as action taken against reckless drivers, including suspension of licences. The Committee was informed that the mission was in the process of installing the Carlog system, the unit price of which was approximately $500 per vehicle. **The Committee requests that the cost benefit of the use of the system, including maintenance, be monitored.**

Training

26. The cost of training for the period from 1 July 2001 to 30 June 2002 was indicated in the additional information provided to the Committee at $351,200. The Committee notes, however, that this figure does not represent the total amount to be spent on training, as it does not include the cost of training-related travel ($12,900),

the addition of which would bring the total to $364,100. Similarly, while the cost for training for 2003/04 is estimated at $277,700, the addition of the estimates for training-related travel ($156,400) brings the total to $434,100.

27. **The Advisory Committee notes that in 2001/02 a total of 136 staff were trained. For 2003/04, the proposal is to train 371 staff. However, the Committee notes that of the 371 staff to be trained in 2003/04 only 35 are to be trained in supply/property management. In view of the inventory and write-off issues facing the mission, the Committee recommends that greater priority be given to supply/property management training.**

Official travel

28. The estimate for official travel for 2003/04, as shown in section II.A.1 of the proposed budget for 2003/2004, amounts to $426,400, a decrease of $46,500 in comparison with the amount of $472,900 apportioned for 2002/03. The Committee notes, as indicated in paragraph 14 of the proposed budget that the reduced requirements relate to the downsizing of the Force. The performance report for the period ending 30 June 2002 shows expenditure for official travel for the period in the amount of $295,400, reflecting an increase of $86,800 over the apportionment of $208,600.

29. The Committee notes the designation, in the additional information provided, of some of the official travel as "familiarization" travel, or travel of officials of the Department of Peacekeeping Operations to the mission for the purpose of familiarizing themselves with its operations. **The Committee is of the view that the frequency of travel for familiarization with mission operations could be reduced if other methods, such as videoconferencing, were explored. Greater staff mobility, both at Headquarters and in the field, would also promote greater familiarity with mission operations.**

30. In addition, in the supplementary information provided to the Committee, increased efficiency and effectiveness in supporting the mission was given as the accomplishment/output for most of the training proposed. **The Committee requests that in the future such outputs be supported or illustrated with appropriate facts.** The Committee has commented on official travel in its general report on peacekeeping operations (A/57/772).

Communications and information technology

31. The Advisory Committee notes that the costs for communications and for information technology have increased from an expenditure of $2.3 million in 2001/02 to estimated requirements of $2.8 million in 2003/04. Information technology requirements, taken alone, have increased for the same periods from $690,200 to $1,461,700, or 112 per cent. Upon request, the Committee was provided with details concerning information technology equipment and software included in the estimates for 2003/04. Among other things, provision is made in the estimates for costs related to the extension/reconfiguration of the local area network (LAN) and to the migration of the mission to a new operating system.

32. From the additional information provided to it, the Committee notes that the current inventory of electronic data processing equipment totals 2,407 items. The replacement of 280 items is proposed for 2003/04 in accordance with Department of

Peacekeeping Operations guidelines. The Committee notes that of the current inventory of 1,275 computers, the proposal is to replace 102, and that as at 30 June 2002, 441 computers were pending write-off.

33. **The Committee questions the need to provide redundant capacity, such as the spare satellite Earth station equipment requested in paragraph 18 of the proposed budget, for a mission that has been downsizing.** The Committee notes from the additional information provided to it that current satellite equipment inventory is 251 items. **The Committee also reiterates its caution (see A/56/887, para. 69) against an apparent tendency to acquire the most up-to-date technologies, which might not be appropriate to the practical needs of the mission.**

Miscellaneous supplies and services

34. The Committee has noted in the detailed tabular information provided to it that the breakdown of this item, in this and all missions, includes a sub-item entitled "other miscellaneous services". Estimated requirements for the sub-item for 2003/04 amount to $1,758,400, a decrease of $258,100 in relation to the apportionment for 2002/03. For 2001/02, expenditure under this sub-item amounted to $1,588,600 against an apportionment of $1,773,800. Upon request, the Committee was provided with a breakdown of the costs included in the sub-item. The Committee notes the inclusion under the sub-item for 2003/04 of an estimate of $277,700 for training costs. **In the opinion of the Committee, the inclusion of training costs under this sub-item is inappropriate.** The Committee has commented on this issue in its general report on peacekeeping operations (see A/57/772).

IV. Recommendations of the Advisory Committee

35. The action to be taken by the General Assembly in connection with the financing of UNIFIL for the period from 1 July 2001 to 30 June 2002 is indicated in paragraph 16 of the performance report (A/57/662). **The Committee recommends that the unencumbered balance of $5,703,900, as well as interest and other income in the amount of $15,158,000, be credited to Member States in a manner to be determined by the General Assembly.**

36. The action to be taken by the General Assembly in connection with the financing of UNIFIL for the period from 1 July 2003 to 30 June 2004 is indicated in paragraph 21 of the proposed budget (A/57/663). **In view of its comments above, the Committee recommends that the estimated budget requirement of $91,752,400 gross be reduced by $1,752,400, or approximately 2 per cent. Accordingly, the Advisory Committee recommends that the General Assembly appropriate an amount of $90 million gross ($86,200,900 net), and that the amount be assessed at a monthly rate of $7,500,000 gross ($7,183,408 net), should the Security Council decide to continue the mandate of the mission.**

Annex

Status of expenditure of the United Nations Interim Force in Lebanon for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
I. Military and police personnel			
Military observers	-	-	-
Military contingents	45 789.0	44 938.6	850.4
Civilian police	-	-	-
Formed police units	-	-	-
Subtotal, line 1	**45 789.0**	**44 938.6**	**850.4**
II. Civilian personnel			
International staff	23 131.5	12 582.9	10 548.6
National staff	11 157.4	9 121.7	2 035.7
United Nations Volunteers	-	-	-
Subtotal, line 2	**34 288.9**	**21 704.6**	**12 584.3**
III. Operational costs			
General temporary assistance	52.7	20.5	32.2
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	-	-	-
Official travel	472.9	336.6	136.3
Facilities and infrastructure	7 267.8	2 483.8	4 784.0
Ground transportation	6 740.9	8 813.0	(2 072.1)
Air transportation	1 339.6	1 033.4	306.2
Naval transportation	-	-	-
Communications	1 210.3	1 218.7	(8.4)
Information technology	1 424.8	515.6	909.2
Medical	871.7	600.2	271.5
Special equipment	548.5	521.7	26.8
Miscellaneous supplies, services and equipment	12 035.4	10 773.4	1 262.0
Quick-impact projects	-	-	-
Subtotal, line 3	**31 964.6**	**26 316.9**	**5 647.7**

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
Gross requirements	**112 042.5**	**92 960.1**	**19 082.4**
Staff assessment income	3 641.3	3 064.5	576.8
Net requirements	**108 401.2**	**89 895.6**	**18 505.6**
Voluntary contributions in kind (budgeted)	333.5	-	333.5
Total requirements	**112 376.0**	**92 960.1**	**19 415.9**